



Additional sanctions imposed on Belarus

On the 21st May 2021, the UK imposed additional sanctions on Belarus. This was in response to human rights abuses, activities relating to the August 2020 presidential election, and the forced diversion of Ryanair Flight 4978 to Minsk. The result of this diversion was the arrest of Roman Protasevich and his partner Sofia Sapega.

UK sanctions imposed on Belarus.

The [UK Sanctions regime](#) is aimed to encourage the Government of Belarus to:

- respect democratic principles and the rule of law in Belarus;
- refrain from repressing civil society in Belarus;
- properly investigate the disappearance of opposition political opponents and journalists who were critical of the current Government of Belarus;
- comply with international human rights law, and
- respect human rights.

During 2020, the UK imposed restrictive measures against senior actors within the Belarusian Government and implemented trade sanctions on military goods and technology, along with those can be used for internal repression. As detailed within the latest OFSI [Notice of Designation](#), issued on 21st May, the new measures impose asset freezes on 7 senior members of the Belarusian Government and the state-owned entity Belaeronnavigatsia Republican Unity Air Navigation Service Enterprise. In addition, a further 4 individuals who are connected to Belarus's Aviation and Television Media sectors have also been designated and are subject to a UK asset freeze. A UK entity BNK (UK) Ltd, an exporter of Belarusian crude oil products has been included in these designations.

The UK Government is currently developing plans in collaboration with the EU, US and Canada for additional measures targeting specific sectors of the Belarusian economy, which may include Belarus's financial sector. A further announcement is expected to be made.

New EU Sanctions on Belarus now considered as sectorial in comparison to the Russian regime

The EU Council adopted Council Decision (CFSP) 2021/1031 and Council Regulation (EU) 2021/1030, which imposes sectorial sanctions, similar to those adopted against the Russian economy. These sanctions are different from the targeted financial restrictions and travel bans affecting individuals and entities. The sectorial sanctions include:

- a prohibition on the sale, supply, transfer or export to anyone in Belarus or for use in Belarus of specific equipment, technology or software intended primarily for use in the monitoring or interception of internet and telephone communications;
- a prohibition on the provision of technical assistance, financial assistance or brokering services related to specific equipment, technology or software intended primarily for use in the monitoring or interception of internet and telephone communications to anyone in Belarus or for use in Belarus;
- a prohibition on the provision of any telecommunication, internet monitoring or interception services to, or for the benefit of, the Belarusian Government, public bodies, corporations and agencies or any person or entity acting on their behalf or at their direction;
- a prohibition on the sale, supply, transfer or export dual-use goods and technologies for military use or to specified persons, entities or bodies in Belarus;
- a prohibition on the provision of technical assistance, financing or financial assistance related to dual-use goods and technologies for military use or to specified persons or entities in Belarus;
- restrictions on trade in Belarusian petroleum products:
 - to import the listed petroleum products into the EU if they originate in Belarus or have been exported from Belarus;
 - to purchase petroleum products which are located in or which originated in Belarus;
 - to transport petroleum products if they originate in Belarus, or are being exported from Belarus to any other country;
 - to provide, directly or indirectly, technical assistance, brokering services, financing, or financial assistance, including financial derivatives, as well as insurance and re-insurance, related to the prohibitions set out in the aforementioned points;
- restrictions on importing Belarusian potassium chloride ('potash'), and goods used for the production or manufacturing of tobacco products;
- restrictions on access to EU capital markets for a) Belarus, its Government, public bodies corporations or agencies, b) the institutions listed in Annex IX of the regulation and those owned by such institutions, and c) those acting on the behalf or at the direction of the aforementioned institutions. These restrictions concern:
 - dealings with transferable securities and money-market instruments with a maturity exceeding 90 days; and
 - new loans or credit with a maturity exceeding 90 days;
- prohibitions on providing insurance and re-insurance to the Belarusian government and Belarusian public bodies, corporations and agencies; and
- the European Investment Bank will stop any disbursement or payment under any existing agreements in relation to projects in the public sector, and any existing Technical Assistance Service Contracts.

New Canadian Sanctions

Canada imposed targeted sanctions against 17 individuals and 5 entities in Belarus pursuant to the Special Economic Measures (Belarus) regulations. The targets align with those of the EU and the UK.

New US Sanctions

Following the EU and UK announcements, US Treasury's OFAC named 16 individuals and 5 entities as Specially Designated Nationals (SDNs) pursuant to Executive Order (EO) 13405 of June 20, 2006, "Blocking Property of Certain Persons Undermining Democratic Processes or Institutions in Belarus." The targets include President Alexander Lukashenko's press secretary and the chairperson of the upper house of the Belarusian Parliament. The five SDN entities are:

- the Internal Troops of the Ministry of Internal Affairs of the Republic of Belarus;

- the Main Directorate for Combating Organized Crime and Corruption of the MVD of the Republic of Belarus;
- Directorate of Internal Affairs of the Brest Oblast Executive Committee;
- State Security Committee of the Republic of Belarus (the Belarusian KGB); and
- the Akrestsina Detention Center.

Blocking sanctions under EO 13405 prohibit US persons from dealing, directly or indirectly, with SDNs designated under the EO as well as any legal entity owned 50% or more by any SDNs. Property and interests in property of SDNs (and entities owned 50 percent or more by them) are blocked (frozen) when in the United States or within the possession or control of a US person.

The latest issued OFAC General License 3 (GL-3) under EO 13405 authorises US persons to engage in transactions that are necessary to: requesting, receiving, utilising, paying for, or dealing in licenses, permits, certifications, or notifications issued or registered by the Belarusian KGB for the importation, distribution, or use of information technology products in Belarus. Any goods or technology exported or re-exported to, or provided in, Belarus that are subject to the Export Administration Regulations (EAR) must be licensed by the US Commerce Department to qualify for GL-3. GL-3 only authorises the payment of fees to the Belarusian KGB of up to US\$ 5,000 per calendar year.

To expand on this further OFAC FAQ 913, GL-3 “does not authorise the exportation, re-exportation, or provision of any goods, technology, or services to the Belarusian KGB or any other blocked person, except for the limited purposes of complying with rules and regulations administered by, and certain actions and investigations involving, the Belarusian KGB or requesting certain licenses or authorizations for the importation, distribution, or use of information technology products in Belarus.” FAQ 912 states that GL-3 “only authorises certain transactions and activities with the Belarusian KGB acting in its administrative capacity” and only for the limited purposes described in GL-3.

Thoughts and Conclusions

Depending on your firm’s risk appetite, it would be a prudent step to assess Belarus against your firm’s Country Risk Rating. The upgraded restrictive measures from ‘Targeted’ to ‘Sectorial,’ may influence Belarus’s country risk rating, along with any customers or business operations your firm may have in that jurisdiction.

Trade Finance is vulnerable to indirect exposure to these new sectoral restrictions on Belarusian Oil Refineries. It is advisable to conduct Enhanced Due Diligence on all documentation related to Letters of Credit that may finance crude oil trades. It is important to establish that the crude oil subject to the trade is not of Belarusian origin, and not refined by one of the nine sanctioned Belarusian Oil Refineries. Firms facilitating such trade may breach these measures.

It is important for all firms to conduct screening for sanctions daily. Firms are encouraged to perform a health check of their operations in, or related to, Belarus and ensure that:

- effective list management controls ensuring lists are updated in line with these changes;
- sanctions screening is conducted on all counterparties; and
- due diligence is performed on all third parties to ensure they are not doing business with sanctioned entities, nor entities with controllers or beneficiaries who are designated persons.

Plenitude supports a broad range of financial institutions, with identifying and proactively addressing their regulatory obligations in order to reduce their financial crime risk exposure. If you would like to discuss how these changes might impact you or need help in responding to them, please reach out to our team at enquiries@plenitudeconsulting.com

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